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COUNTRY Yugoslavia

SUBJECT Policy Toward Neighboring Countries

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Trieste

2. Yugoslav tactics in Trieste will be modeled after Soviet tactics in Austria. The Yugoslavs have already commenced buying up insurance companies and banks. Communists are infiltrating into trade unions. The Yugoslav plan to have complete economic control in the near future.

Greece

2. At the time of the United Nations investigation of the Greek situation there were many conferences between OZNA and Foreign Office officials in Belgrade. Velebit and Brila, who then was director of the Political Department, were very much involved in these conferences.

3. When the matter came before the Security Council, Meyersh and Anastaso conferred with Velebit to decide whether Chapter 17 of the United Nations Charter should be invoked by Yugoslavia to protect herself. It was decided not to act. However, Vilfan was later strongly reprimanded by Belgrade because he had not been closely in touch with Gromyko on the matter. Belgrade told Vilfan that his speech before the Security Council was not in accord with Tito's address of August 8.

4. An informal discussion was held by Velebit, Vilfan, Gjergja, and Bartos in the Embassy at Washington at the time the report of the UN Commission on Greece was made public. Gjergja had been the Yugoslav liaison officer with the Commission, and was the only participant in the discussion who was not a lawyer. During the conference they tried to analyze the statements of the witnesses from whom the Commission had taken testimony. The gist of their conclusions was that most of the statements seemed to be false, and that they sincerely thought Yugoslavia was being unjustly accused. All of the above-named, while Communists, are not in the inner circle, but are "petty officers."

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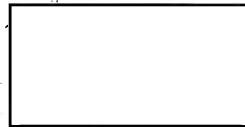
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Albania

5. For all practical purposes Albania is a part of Yugoslavia. The customs union which has been put into effect between Yugoslavia and Albania includes a standardization of currency, co-ordination of industry and other measures of unification. The Yugoslavs had to move in quickly because in 1946 the Albanians considered requesting Italy to furnish administrators and officials. The Yugoslav Communist Party has sent in supervisory bodies to help in the socialization of Albania, including agrarian reform.
6. The actual administration of Albania does not stem from the Yugoslav Foreign Office, but through the Communist Party. The Albanian reply to Britain on the Corfu Strait incident was written in Belgrade, and Hoxha complained bitterly about not having seen the note before it was issued.
7. Both the Catholics and Moslems in Albania are giving the Communists trouble. The Communists have had difficulty in getting arms away from the tribes. There have been ruthless trials, imprisonments and shootings on a far greater scale than during Italian domination.

Rumania

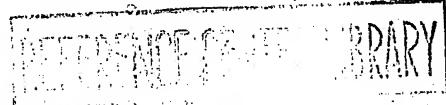
8. Yugoslav relations with Rumania have not been smooth. According to the Yugoslavs there are too many reactionary officials in Rumania, and the power is not yet sufficiently consolidated.
9. A Yugoslav-Rumanian Commission was set up to survey the problem of drainage of farmland, as the Yugoslavs felt that they were not receiving their share of the water. The Rumanians proved unhelpful. The matter of the hydro-cooperatives was finally settled by both sides agreeing to live up to the pre-war agreement.
10. According to the Yugoslavs, Paunescu, the Chief Rumanian Engineer on the Iron Gate Commission, is pro-Anglo-American.

Bulgaria

11. There have been negotiations between Bulgaria and Yugoslavia on the question of dual ownership. The outcome is not known.
12. Talks were being held between Bulgaria and Yugoslavia in late October 1947 about abolishing the visa for travel between the two countries.
13. There is no possibility that Bulgarian troops will be sent to Yugoslavia to enable the former to violate the peace treaty. The Bulgarians are too unpopular with the Serbs.

Italy

14. The Yugoslavs considered their meeting with the Italians during the Paris Peace Conference very unsatisfactory. Recently some of the leading Italian Communists have been visiting Yugoslavia. Some trade agreements have been initiated between the two countries.
15. There has been no indication that the Yugoslavs might take over Northern Italy. Yugoslavia probably will live up to the terms of the peace treaty.

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Czechoslovakia

16. The Czechs have the reputation in Yugoslavia of being poor ones to deal with because they do not follow the party line. Clementis complains that he doesn't know half of the things that happen in his Ministry. Apparently most of the old staff has been retained, and the majority are anti-Communist. From the Yugoslav point of view, Clementis should have been shot because he is in reality a slow-working nationalist. The Yugoslav Communists believe that the Czechs should have purged more of the bourgeoisie.
17. One instance of Czech-Yugoslav friction occurred in the Reparations Commission at Brussels. Dr. Ivezkovich, the Yugoslav representative, was instructed by Simic to support the Czechs in their request that the cost of transport through Germany be recorded as reparations, and not be paid in dollars. Ivezkovich complained that he received very little support from the Czechs in return, that they competed with Yugoslavia for the same factories and did not support him on the merchant ship division.

Balkan Federation

18. There is considerable talk in Yugoslavia of a Balkan Federation. It will probably come in the future, but no one country is advocating it very strongly. The first step probably will be a customs union between Yugoslavia and Bulgaria. This has not been effected yet because the Yugoslav Communists do not believe that the Bulgarians have consolidated economic power sufficiently. There has been no talk in Yugoslavia of the Balkan states becoming additional republics of the USSR.

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